Annual Report
CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY
1950

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Ninety-seventh

ANNUAL REPORT

of the

BOARD OF DIRECTORS

of the

CHICAGO, BURLINGTON & QUINCY

RAILROAD COMPANY

For the year ended December 31, 1950

Burlington Route

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term Expires 1951

EDWARD FLYNN ..... Chicago, Ill.
Retired Executive Vice President, CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

ELLSWORTH MOSER ..... Omaha, Nebr.
President, U. S. NATIONAL BANK OF OMAHA

R. DOUGLAS STUART ..... Chicago, Ill.
Vice Chairman, Board of Directors, THE QUAKER OATS CO.

Term Expires 1952

T. HENRY FOSTER ..... Ottumwa, Ia.
Chairman of the Board, JOHN MORRELL & CO.

J. C. JAMES ..... Chicago, Ill.
Executive Vice President and General Counsel,
CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

H. C. MURPHY ..... Chicago, Ill.
President, CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

Term Expires 1953

RALPH BUDD ..... Chicago, Ill.
Retired President, CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

*CHARLES E. DENNEY ..... St. Paul, Minn.
President, NORTHERN PACIFIC RAILWAY CO.

FRANK J. GAVIN ..... St. Paul, Minn.
President, GREAT NORTHERN RAILWAY CO.

EXECUTIVE COMMITTEE

H. C. MURPHY . . . CHAIRMAN

*CHARLES E. DENNEY	FRANK J. GAVIN	R. DOUGLAS STUART
EDWARD FLYNN	J. C. JAMES	T. HENRY FOSTER

OFFICERS

H. C. MURPHY ..... *President, Chicago*
J. C. JAMES ..... *Executive Vice President and General Counsel, Chicago*
L. R. CAPRON ..... *Vice President, Traffic Dept., Chicago*
S. L. FEE ..... *Vice President, Operating Dept., Chicago*
F. L. KARTHEISER ..... *Assistant to President, Chicago*
F. E. SPERRY ..... *Assistant Vice President, Operating Dept., Chicago*
A. W. LAVIDGE ..... *Comptroller, Chicago*
J. P. BLUM ..... *General Purchasing Agent, Chicago*
BERT VICKERY ..... *Treasurer and Assistant Secretary, Chicago*
EDITH J. ALDEN ..... *Secretary, Assistant Treasurer and Transfer Agent, Chicago*
A. D. McLANE ..... *Assistant Secretary, Chicago*
WALTER McFARLAND ..... *Assistant General Counsel, Chicago*
ELDON MARTIN ..... *General Solicitor, Chicago*
R. C. SMITH ..... *General Auditor, Chicago*
H. R. CLARKE ..... *Chief Engineer, Chicago*
R. W. COGLAN ..... *Transfer Agent, Chicago*
N. STOCKHAMMER, H. F. SMITH ..... *Fiscal Agents, 2 Wall Street, New York*
GRACE W. WINTERS, HELEN A. STORCH ..... *Transfer Agents, 2 Wall Street, New York*
STATE STREET TRUST COMPANY ..... *Fiscal Agent and Transfer Agent, State and Congress Streets, Boston*

The above were Directors and Officers as of December 31, 1950.

*Resigned December 31, 1950 and succeeded by Robert S. Macfarlane January 1, 1951.

Highlights of Operations

	1950	1949	Increase
Operating Revenues (Page 17)	$245,247,561	$217,996,508	$27,251,053
Operating Expenses (Page 17)	$161,964,674	$167,265,649	$ 5,300,975*
Operating Ratio (Page 17)	66.04%	76.73%	10.69%*
Available for Fixed Charges	$ 40,038,747	$ 21,230,576	$18,808,171
Fixed Charges (Page 17)	$ 6,277,092	$ 5,811,084	$ 466,008
Times Fixed Charges Earned	6.38	3.65	2.73
Total Taxes (Page 17)	$ 39,773,302	$ 26,192,248	$13,581,054
Net Income	$ 33,761,655	$ 15,419,492	$18,342,163
Dividends Paid	$ 11,958,709	$ 8,541,935	$ 3,416,774
Taxes per Share of Stock	$ 23.28	$ 15.33	$ 7.95
Net Income per Share of Stock	$ 19.76	$ 9.03	$ 10.73
Dividends Paid per Share of Stock	$ 7.00	$ 5.00	$ 2.00
Average Number of Employes (Includes part-time employes)	30,076	29,643	433
Total Wages	$105,302,524	$104,012,754	$ 1,289,770
Revenue Ton Miles	16,755,823,463	15,250,053,912	1,505,769,551
Revenue Passenger Miles	748,698,898	757,891,351	9,192,453*
Miles of Road Operated—end of year	8,830.07	8,873.16	43.09*
Total Outstanding Funded Debt including Equipment Obligations (Page 24)	$207,381,371	$182,213,786	$25,167,585

Decrease*

Report for the Year Ended December 31, 1950

Revenue ton miles of freight in 1950 were 9.87 per cent greater than in 1949. During the last six months of 1950 there was a sharp rise in railroad freight traffic throughout the country due to the national defense program and to increased production and sale of civilian goods. Shippers' routing of traffic continued to be an important factor, and the Company is grateful to the shippers, large and small, who favored it with their business. Its earnest purpose was to provide dependable service, but at times nation-wide dislocation of box car supply deprived the Company of the use of cars equivalent to its full ownership; this notwithstanding the carrying out of its large freight car building and repair programs.

The 9.87 per cent increase in revenue ton miles was handled with an increase of but 1.83 per cent in revenue freight train miles. Revenue tons per train mile increased 7.9 per cent and revenue ton miles per freight train hour increased 10.96 per cent.

These figures reflect extensive and well-planned modernization of plant and equipment. Funds for such improvements were derived in part from earnings and in part from the savings of a great many people, which are invested directly and indirectly in the Burlington. Another important factor was the service rendered to the Company and its patrons by the railroad employes and officers. Burlington reliability depends upon the character, experience, and efficiency of its personnel.

The 1950 figures also show the importance of traffic volume. The railroads are the most efficient and economical all-year-round carriers, but their low cost transportation depends upon volume. Accordingly, it is not sound economics from the national standpoint to divert traffic from the self-supporting railroads to other types of transport whose actual costs, including those borne by the taxpayers, are much higher than those of railroads.

Freight revenue, $199,932,606, was $20,129,653 greater than in 1949, and passenger revenue, $17,679,514, was $139,167 less than in 1949.

Operating expenses, $161,964,674, were $5,300,975 less than in 1949, and the 1950 operating ratio was 66.04 per cent, compared with 76.73 per cent in 1949.

In addition to the large volume of freight traffic in 1950, other factors had a bearing on the increased Net Income. Mail revenue, accrued at $14,869,706, was $6,375,942 more than in 1949, but $5,841,778 back mail pay for the years 1947 to 1950, inclusive, was accrued in 1950.

Equipment depreciation and amortization was $1,231,710 less in 1950 than in 1949, as the result of reduction of our depreciation rates by the Interstate Commerce Commission effective January 1, 1950.

Maintenance expenses were $5,873,139 less in 1950 than in 1949. All property and equipment were well maintained during the year. More than normal maintenance work was performed in 1949 prior to September 1 when the 40-hour week became effective.

How the 1950 Revenue Dollar Was Used

WAGES	40.60 Cents
MATERIALS AND SUPPLIES	13.56 "
ALL OTHER DISBURSEMENTS	8.51 "
DEPRECIATION, AMORTIZATION, AND RETIREMENTS	5.06 "
TAXES	16.10 "
INTEREST ON FUNDED DEBT AND OTHER FIXED CHARGES	2.54 "
DIVIDENDS	4.83 "
RETAINED IN THE BUSINESS	8.80 "

Traffic

The revenue tons carried in 1950 increased 6.92 per cent and revenue ton miles increased 9.87 per cent compared with 1949. The average revenue per ton mile increased from 1.179 cents in 1949 to 1.193 cents in 1950.

Source of Freight Revenue

	1950 Revenue#	Per cent of Total	Per cent Change from 1949
Products of Agriculture	$ 44,178,235	20.98	2.39 Decrease
Animals and Products	13,890,224	6.60	3.98 Decrease
Products of Mines	38,829,108	18.44	17.97 Increase
Products of Forests	13,376,794	6.35	13.93 Increase
Manufactures and Miscellaneous	85,890,145	40.79	18.68 Increase
Forwarder Traffic	4,957,789	2.36	45.79 Increase
Less Carload Freight	9,432,465	4.48	12.39 Decrease
Total	$210,554,760	100.00	10.28 Increase

#Gross Freight Revenue, stated without adjustments for absorptions or corrections which reduce total freight revenue to $199,932,606.

Exclusive of commutation traffic, the number of revenue passengers carried decreased 344,002 or 7.85 per cent and passenger miles decreased 13,157,079 or 1.98 per cent compared with 1949.

The average distance traveled per passenger, exclusive of commutation, was 161.4 miles, an increase of 9.7 miles over 1949, and the average revenue per passenger mile was 2.50 cents as compared with 2.48 cents in 1949.

Rate Changes

Freight

There were no major increases or reductions in the general freight rate level during 1950.

Mail, Express and Newspapers

Under stipulation and agreement between the railroads and the Post Office Department, dated October 11, 1950, and approved by the Interstate Commerce Commission on December 4, 1950, the mail pay case was settled to the end of 1950 by agreement that the fair and reasonable compensation during the period February 19, 1947 to December 31 1950 was $312,000,000 in addition to the amounts earned at the rates in effect February 18, 1947. This had the effect of increasing the rate approximately 18½ per cent in addition to the 25 per cent interim increase previously granted, making a total increase of approximately 48.14 per cent over the old basic rates.

Hearings in the mail pay case on the issue of fair and reasonable mail pay rates to be effective on January 1, 1951, were held by the Interstate Commerce Commission December 18 to 20, 1950, resumed again on February 26, and concluded on March 8, 1951.

The Interstate Commerce Commission authorized a 10 per cent increase in substantially all less-than-carload express rates effective April 18, 1950.

Interstate rates for transportation of newspapers in baggage service were increased 20 per cent effective March 1, 1950.

Agriculture

Crops

Despite a late, wet spring in Lines East territory, states served by the Company had another good crop year. Corn production, due largely to delayed planting in Illinois and Iowa, decreased 10.4 per cent from 1949 but still exceeded the ten-year (1939-1948) average by 3.6 per cent. Oats increased 14.7 per cent, wheat 5.5 per cent, barley 15.9 per cent, and soybeans, which displaced some corn acreage, increased 25 per cent. The potato crop was especially good in Nebraska and Wyoming, resulting in an overall increase in C.B.&Q. states of 8.9 per cent. Sugar beets loaded on our line increased 26.2 per cent. Hay production increased 9.4 per cent.

Ample supplies of forage and feed grains were on hand at the close of the year. Corn in off-farm positions increased 32.3 per cent, oats 11.9 per cent, barley 3.7 per cent. Wheat on farms decreased 1.1 per cent but this was much more than offset by a 23.4 per cent increase in wheat stored at terminals, interior mills, elevators and other off-farm positions.

Acreages seeded to winter wheat for harvest in 1951 increased 7.2 per cent over last year and exceeded the ten-year (1939-1948) acreage by 19.1 per cent. At the close of the year the crop was in good condition.

Stock

Cattle in feed lots January 1, 1951 increased 4.3 per cent over the previous year and was the largest on record. Sheep on feed declined 5.8 per cent to the smallest number since 1920. Swine produced in 1950 increased 7.6 per cent with further increases indicated for 1951.

Irrigation and Soil Conservation

Water stored for irrigation at the end of the year was above normal in Montana, Wyoming, and the North Platte Valley of Nebraska, but slightly below normal in northern Colorado reservoirs.

Development of irrigation from wells in Lines West territory continued with particularly good progress in pump installations in central Nebraska. Our Department of Industry and Agriculture continued to cooperate with the U.S. Reclamation Service in the further development of irrigation in the Republican River Valley of Nebraska, northern Colorado, and in Wyoming and Montana. There was also continued cooperation with experiment stations, colleges of agriculture, and the Soil Conservation Service in the improvement of agriculture in the states served.

Industrial

During the year, 454 new industrial leases were executed and 308 cancelled, a net increase of 146. Sixty-nine new industries located on private property available to C.B.&Q. service and 32 enlarged their plant facilities. Sixty-five new industrial tracks or track extensions were built and 2 temporary contractors' tracks were installed. Nine Government munitions plants served by Burlington were reactivated during the year and numerous industries along our lines have received orders for manufacture of defense materials.

Maintenance of Property

Some of the major maintenance work performed during the year 1950 was as follows:

35.00 miles of track were relaid with new 129-pound T.R. rail.
187.20 miles of track were relaid with new 112-pound T.R. rail.
85.35 miles of track were relaid with secondhand 110, 100 and 90-pound rail.
745,314 new creosoted cross ties were placed in track.
950,000 cubic yards of ballast were applied.
4,873 freight cars were given general repairs.
Flood protection work, such as raising grades and bridges, changing channels, placing riprap, and restoring and raising dikes, was continued.

Improvements

Net capital expenditures in 1950:

Road	$ 9,885,769
Equipment	16,144,362
General	Cr. 126,381
Total	$25,903,750

Road

Major improvements completed during the year were:

Improvements to engine house, Aurora, Illinois.
Construction of freight house No. 10, Chicago, Illinois.
Construction of 3.30 miles of track, Waltonville, Illinois.
Rearrangement of trackage U.P. Transfer, Council Bluffs, Iowa.
Relocation of main line Naponee to Orleans, Nebraska, in connection with Harlan County Dam Project.
Relocation of main line Siddons to Boysen, Wyoming, in connection with Boysen Dam Project.
Construction of brick passenger and freight station, Worland, Wyoming.
Grade raise, Sterling to Lancaster, Nebraska.
Enlargement of passenger equipment facilities, Chicago, Illinois.
Renewal of power plant equipment, West Burlington, Iowa.

Improvements started during the year, not yet completed, were:

Raising grade and bridges, Callao, Missouri.
Raising Nishnabotna River Bridge 139.84, Watson, Missouri.
Installation of Centralized Traffic Control, Ravenna to Alliance, Nebraska.
Subway improvements, Crawford, Nebraska.
Construction of new passenger depot, Ottumwa, Iowa.
Improvements to A-S-B Bridge, Kansas City, Missouri.
New line—Brookfield-Kansas City, Missouri.

Equipment

Built in Company Shops:

300	53′6″	50-ton steel flat cars.
50	65′6″	70-ton steel gondolas.
1,400	40′6″	50-ton steel box cars.
9		Baggage cars.

Built by Burlington Refrigerator Express Company:

2	33′2″	50-ton refrigerator cars.

Purchased:

25	New 148-passenger gallery-type stainless steel suburban coaches.
14	2250 h.p. Diesel-electric passenger locomotives.
4	4500 h.p. Diesel-electric passenger locomotives.
3	4500 h.p. Diesel-electric freight locomotives.
4	1500 h.p. Diesel-electric freight locomotive cab units.
20	1200 h.p. Diesel-electric switching locomotives.
1	Piledriver.
2	Ballast spreaders.

On Order, Delivery Expected in 1951:

To be built in Company Shops:

21	Baggage cars.
1,000	40'6" 50-ton steel box cars.
200	52'6" steel gondolas.
50	65'6" steel gondolas.
600	70-ton steel hopper cars.
400	70-ton steel, covered hopper cars.
400	53'6" steel flat cars.

To be built by Burlington Refrigerator Express Company:

365	33'2" 50-ton refrigerator cars.

To be purchased:

2	1200 h.p. Diesel-electric switch locomotives.
15	3000 h.p. Diesel-electric road-switch locomotives.
2	4500 h.p. Diesel-electric road-switch locomotives.
4	1500 h.p. Diesel-electric road-switch locomotives.
5	New 148-passenger gallery-type stainless steel suburban coaches.
1	Piledriver.
2	Ballast spreaders.
2	Clamshells.

During the past ten years substantial sums have been spent for improvements in the property, such as grade and curve reductions, new yards, siding extensions, centralized traffic control, modern roadway machines, improved shop buildings and tools, Diesel locomotives, new freight and passenger cars, and numerous other improvements, for the purpose of keeping the plant up to date, giving better service to the public, and handling traffic at lower unit costs.

Capital Expenditures for the Ten Years 1941-1950, inclusive

	Gross	Retirements	Net
Road	$ 83,836,131	$ 41,706,747	$ 42,129,384
Equipment	149,269,850	36,009,069	113,260,781
General	416,007	332,276	83,731
Total	$233,521,988	$ 78,048,092	$155,473,896

Comparison of Freight Operating Efficiency

	1950	1940	Per cent Increase
Net tons per train	1,274	754	68.96
Gross tons per train	2,804	1,903	47.35
Net ton miles per loaded car mile	30.5	25.0	22.00
Gross ton miles per train hour	52,231	33,178	57.43
Cars per train	62.3	48.0	29.79

Wage Problems

Request from the Conductors and Trainmen for a 40-hour week with 48 hours' pay was considered by an Emergency Board appointed by President Truman. Recommendations of this Board were accepted by the Carriers but rejected by the Brotherhoods. After further mediation failed and a strike date was set, the Railroads were taken over by the Government, August 27, 1950.

Thereafter, pending requests from the Engineers and Firemen for a 40-hour week were handled currently with those of the Conductors and Trainmen, culminating in a memorandum of agreement December 21, 1950, which stated the principles to govern settlement, but the General Chairmen's Association of the four Brotherhoods refused to ratify this agreement. The controversy had not been disposed of by the end of the year.

On October 25, 1950, the Non-operating employes served notice of desire to increase all existing rates 25 cents an hour. (On March 1, 1951, an agreement was executed disposing of this request by an increase of 12½ cents an hour effective February 1, 1951. This agreement also contains an escalator provision for an additional increase of 1 cent an hour for each one point increase in cost of living as indicated by the Bureau of Labor Statistics—Consumers' Price Index, such adjustments, if any, to be made quarterly.)

New Freight Route—St. Louis to Kansas City, Missouri

Our new short freight route, inaugurated September 26, 1949, across Missouri, in part via trackage rights over the G.M.&O., has checked the gradual loss of competitive traffic and has resulted in a substantial increase in business on the Kansas City-St. Louis and St. Joseph-St. Louis lines.

Progress on New Cut-Off Across Missouri

Construction of this new line was outlined in the 1949 report (page 11). By March 1950 the work was actively under way. Weather conditions in July and August were unfavorable and progress was retarded but from September 1 to the end of the year the weather was favorable, and grading and bridge work are well in advance of the planned program.

Twenty-six miles of new track have been laid between Needles Junction and Tina Junction and service between Forker Junction and Tina is now being operated over the new track, except for two miles from Sumner to Grand River. The Cut-off should be ready for freight service late in the fall of 1951.

Passenger Trains Discontinued

In 1950 the Company continued its efforts to discontinue little-used passenger trains and, on authority of the Railroad Commissions of various States, took off unprofitable trains which will result in a saving of 572,648 passenger train miles a year.

Improvement in Suburban Service

The first new stainless steel gallery-type suburban car was received during August 1950, and the thirtieth and last car was completed in January 1951. The program to rebuild and air-condition other suburban coaches was completed during the year. A steady increase in suburban travel has resulted from the improved service.

Line Abandonments and Track Changes

On February 9, 1950, the Interstate Commerce Commission authorized abandonment of our branch line between Kirksville and Green City, Missouri, a distance of 23.43 miles, and service on that line was discontinued March 22, 1950.

On May 11, 1950, the Interstate Commerce Commission authorized abandonment of (1) our branch line of railroad between Sedan, Iowa, and Moulton, Iowa, 4.83 miles, and (2) operation under trackage rights over the line of the Wabash Railroad Company between Moulton and Bloomfield, Iowa, 14.14 miles, and service on that line was discontinued on June 21, 1950.

On May 1, 1950, Burlington transferred operations to the relocated line between Orleans and Naponee, Nebraska, approximately 20 miles in length, which was constructed by the United States in connection with the Harlan County Dam project.

Construction of Boysen Dam by the Bureau of Reclamation necessitated the relocation at Government expense of 12 miles of line and construction of a 7,100-foot tunnel on the C.B.&Q. Denver-Billings line near Boysen, Wyoming. Completion of the work was observed with ceremonies at the south portal of the tunnel on August 5, 1950. The Dam will be 150 feet high and the old railroad grade will be as much as 75 feet under the water of the 50-square mile reservoir to be created by the Dam. On September 15, 1950, the Burlington transferred operations to the relocated line.

Financial

During 1950 the capital liabilities of the Company increased $25,167,585:

Funded Debt	$ 18,917,000
Equipment Obligations	6,250,585
Total	$ 25,167,585

The annual interest charges increased $454,407.

The Company sold $25,000,000 principal amount of First and Refunding Mortgage Series of 1990 3% Bonds dated February 1, 1950, due February 1, 1990, to provide for payment of the principal amount of the outstanding $12,460,100 First and Refunding Mortgage 4½% Series B Bonds, called for redemption February 1, 1952, and to provide funds to reimburse the Company for a portion of net capital expenditures in construction of the new line between Brookfield and Kansas City, Missouri. The proceeds from sale of the bonds were deposited with J. P. Morgan & Company, Inc., pursuant to a deposit agreement.

During the year 1950, the Depositary purchased with said funds $4,161,000 principal amount of First and Refunding Mortgage 4½% Series B Bonds, reducing the amount outstanding in the hands of the public to $8,299,100, as of December 31, 1950.

No part of the deposited funds to reimburse the Company for expenditures on the new line has been withdrawn; the $12,597,400 remains on deposit, temporarily invested in Government securities.

The Company adopted a plan for making deposits from time to time with a Depositary to provide cash for the purchase of its General Mortgage 4% Bonds, due March 1, 1958, if and when prices are favorable and otherwise to be used in meeting the maturity of those bonds. Total deposits in this fund for the year 1950 were $2,000,000 and subsequent deposits will be made in such amounts as the Board of Directors may determine. Such deposits can be used only for purchase or payment of General Mortgage Bonds. During the year 1950, $405,000 principal amount of said bonds were purchased. The deposits in the fund are invested in Government securities until bonds are available for purchase.

Taxes

Tax accruals in 1950 of $39,773,302 were $13,581,054 more than in 1949:

	1950	Increase
Federal income taxes	$ 23,976,148	$ 13,203,620
Federal Railroad Retirement and Unemployment taxes	6,042,190	122,617
State and other Government taxes	9,754,964	254,817
Total	$ 39,773,302	$ 13,581,054

Total taxes in 1950 amounted to 16.22 per cent of total operating revenue, equivalent to $23.28 a share of capital stock.

Dividends

Dividends totaling $7.00 a share were paid in 1950, the eighty-ninth consecutive year in which the Company has paid a dividend.

Burlington Truck Lines, Inc.

During the year, Burlington Truck Lines, Inc., a wholly-owned subsidiary, operated 5,708,678 truck miles over 4,670 route miles at a net gain of $28,709 compared with a net gain of $327 in 1949.

In 1950 the Truck Lines acquired 15 new tractors and 44 new semi-trailers and purchased 32 used trucks and 2 used tractors from the Railway Express Agency. Closer coordination of railroad and truck service resulted in greater volume of traffic being handled by both companies. Burlington pick-up and delivery service at Omaha and McCook, Nebraska, was taken over by the Truck Lines at substantial savings to the railroad and resulted in better service to the public.

Equipment on order for 1951 delivery: 11 tractors, 20 semi-trailers.

Colorado and Southern Lines

During the year The Colorado and Southern Railway Company, pursuant to the Plan of Adjustment, purchased at par from Reconstruction Finance Corporation and retired $2,000,000 principal amount of its Refunding and Extension Mortgage Bonds, reducing the outstanding principal amount of such bonds at the end of 1950 to $11,000,000, all owned by Reconstruction Finance Corporation. (See note.)

In January and February of 1950, Fort Worth and Denver City Railway Company purchased, on publicly advertised tenders, $1,851,000 principal amount of the General Mortgage Bonds of Colorado and

Southern, and in December, 1950, purchased, on tenders, an additional $1,008,000 principal amount of such bonds. All such bonds are pledged with Reconstruction Finance Corporation as additional collateral security for the obligations of both Fort Worth and Denver City and Colorado and Southern to Reconstruction Finance Corporation. As of the end of the year, the total amount of General Mortgage Bonds outstanding with the public was $6,539,500. (See note.)

Fort Worth and Denver City reduced the principal of its note to Reconstruction Finance Corporation during the year by $1,080,000, the outstanding principal amount at the end of 1950 being $4,920,000. (See note.)

Employe Benefits

The Relief Department paid out $750,742 during the year in disability and death claims to 4,848 employes.

Government Litigation

The Anti-Trust suit brought against certain western railroads, including this Company, on August 23, 1944, at Lincoln, Nebraska, is still pending. On November 4, 1950, the United States District Court entered an order extending the time within which defendants may file supplemental pleadings and specify additional grounds of objection to testimony offered by the Government, to 45 days after final disposition of any court proceeding which the Attorney General may bring to contest Interstate Commerce Commission orders authorizing rate-making procedures by railroad rate bureaus, pursuant to the Bulwinkle Act. Pending such time, the court ordered that the case be held in abeyance. As of March 31, 1951, the Attorney General had filed no suits contesting Interstate Commerce Commission orders of the type described. The 17 complaints against the railroads, filed with the Interstate Commerce Commission by the United States, seeking reparation for alleged unreasonable freight charges on shipments of war materials, mentioned in the Annual Reports for 1947, 1948, and 1949, are still pending, and are being contested.

NOTE:—In January, 1951, the Colorado and Southern purchased from Reconstruction Finance Corporation an additional $1,500,000 of Refunding and Extension Mortgage Bonds, reducing the outstanding principal amount of such bonds to $9,500,000. Also, in January and February, 1951, Fort Worth and Denver City paid $500,000 on its note to Reconstruction Finance Corporation, reducing the unpaid principal amount to $4,420,000; and purchased $251,000 principal amount of Colorado and Southern General Mortgage Bonds on a publicly advertised offer, reducing to $6,288,500 the principal amount of such bonds outstanding in the hands of the public. After the payment and purchases mentioned in this paragraph, the aggregate principal amount outstanding on the note and the two series of bonds was $20,208,500.

Changes in Organization

Mr. Charles E. Denney retired as a Director December 31, 1950, and was succeeded by Mr. Robert S. Macfarlane. The Board of Directors adopted the following resolution December 13, 1950:

> RESOLVED: That this Board express to Mr. Charles E. Denney, for the Company, for members of the Board, and for all other officers, sincere regret that he has resigned as a Director.
>
> Mr. Denney has served as a member of the Board, and of the Executive and Road Committees, since October 4, 1939. Every subject considered by the Board during that long and eventful period has had his close personal attention. He has given freely of his time, his expert judgment, and the benefit of his wide experience as a President of three other Railroad Companies. His wise counsel and courageous spirit have made him a valued associate in guiding the course of the Company.
>
> The Directors who have been privileged to serve and work with Mr. Denney feel a keen sense of personal loss in his retirement.

Mr. J. C. Grisinger, General Manager, Lines East, after 54 years' service with the Company, retired June 30, 1950.

July 1, 1950, Mr. H. E. Hinshaw, formerly General Manager, Lines West, was appointed General Manager, Lines East, after 41 years' service with the Company, and Mr. E. L. Potarf, formerly Assistant to Vice President-Operating Department, was appointed General Manager, Lines West, after 32 years' service with the Company.

* * *

The Company expresses appreciation for the loyal and effective services of its officers and employes.

By order of the Board of Directors.

H. C. MURPHY, President

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

(See Pages 28 to 30)

Percent of Ry. Oper. Revenue	1950	RAILWAY OPERATING REVENUES	1949	Percent of Ry. Oper. Revenue
81.52	$199,932,605.54	Freight	$179,802,952.80	82.48
7.21	17,679,514.25	Passenger	17,818,680.67	8.17
6.06	14,869,706.36	Mail	8,493,764.14	3.90
1.18	2,897,365.43	Express	2,898,039.57	1.33
1.81	4,425,227.80	All other transportation	3,998,676.24	1.83
1.88	4,614,034.07	Incidental	4,111,388.25	1.89
.34	829,107.13	Joint facility	873,006.15	.40
100.00	245,247,560.58	Total railway operating revenues	217,996,507.82	100.00
		RAILWAY OPERATING EXPENSES		
13.78	33,786,916.12	Maintenance of way and structures	36,261,258.00	16.63
13.88	34,037,569.91	Maintenance of equipment	38,419,337.89	17.62
2.02	4,942,602.18	Traffic	5,130,763.90	2.35
33.01	80,955,659.48	Transportation	78,842,227.40	36.17
1.20	2,947,836.91	Miscellaneous operations	2,957,253.03	1.37
2.15	5,294,088.92	General	5,654,808.58	2.59
66.04	161,964,673.52	Total railway operating expenses	167,265,648.80	76.73
33.96	83,282,887.06	Net revenue from railway operations	50,730,859.02	23.27
	23,976,147.90	Federal income taxes	10,772,527.71	
	6,042,190.35	Federal payroll taxes	5,919,572.63	
	9,754,963.68	All other taxes	9,500,147.81	
	39,773,301.93	Total taxes	26,192,248.15	
	43,509,585.13	Railway operating income	24,538,610.87	
	Dr. 3,802,172.41	Hire of equipment—Net	Dr. 3,086,403.70	
	Dr. 1,900,883.88	Joint facility rents—Net	Dr. 1,831,868.99	
	37,806,528.84	Net railway operating income	19,620,338.18	
		OTHER INCOME		
	1,561,088.08	Rentals	1,112,960.64	
	762,657.11	Dividends and interest	546,424.53	
	45,993.90	Miscellaneous	78,411.43	
	2,369,739.09	Total other income	1,737,796.60	
	40,176,267.93	Total income	21,358,134.78	
		DEDUCTIONS FROM TOTAL INCOME		
	31,597.43	Rents payable	32,229.12	
	84,686.17	Taxes on nonoperating property	88,976.26	
	21,237.08	Miscellaneous income charges	6,353.48	
	137,520.68	Total deductions	127,558.86	
	40,038,747.25	Income available for fixed charges	21,230,575.92	
		FIXED CHARGES		
	60,586.26	Rent for leased roads and equipment	49,153.54	
	6,142,774.71	Interest on funded debt	5,688,368.48	
	15,417.48	Interest on unfunded debt	14,571.19	
	58,313.75	Amortization of discount on funded debt	58,990.86	
	6,277,092.20	Total fixed charges	5,811,084.07	
	33,761,655.05	Net income after fixed charges	15,419,491.85	
		DISPOSITION OF NET INCOME		
	11,958,709.00	Dividend appropriations of income	8,541,935.00	
	$ 21,802,946.05	Balance of income transferred to Earned Surplus	$ 6,877,556.85	

Operating Ratios

GENERAL BALANCE SHEET

December 31, 1950

ASSETS

INVESTMENTS:		
Road and equipment property		$761,357,465.64
Accrued depreciation—road and equipment	$138,861,531.47	
Accrued amortization of defense projects—road and equipment	41,142,703.92	180,004,235.39
Total investment road and equipment less depreciation and amortization		581,353,230.25
Capital and other reserve funds		23,776,032.81
Miscellaneous physical property		7,069,055.60
Investments in affiliated companies:		
Stocks	$ 27,238,007.62	
All other	16,008,050.38	43,246,058.00
Other investments:		
Stocks	$ 3,694,956.58	
Bonds	4,249,629.79	
All other	4,272.65	7,948,859.02
Total investments less depreciation and amortization		$663,393,235.68
CURRENT ASSETS:		
Cash		24,402,088.92
Temporary cash investments		10,644,449.14
Special deposits		662,227.72
Loans and bills receivable		2,208.41
Net balance receivable from agents and conductors		6,370,584.78
Miscellaneous accounts receivable		13,238,326.29
Material and supplies		25,232,497.39
Interest and dividends receivable		220,891.36
Accrued accounts receivable		3,480,181.87
Other current assets		505,052.31
Total current assets		84,758,508.19
DEFERRED ASSETS:		
Working fund advances		159,072.92
Other deferred assets		1,413,463.64
Total deferred assets		1,572,536.56
UNADJUSTED DEBITS:		
Prepayments		425,223.92
Discount on funded debt		721,293.70
Other unadjusted debits		2,603,086.94
Total unadjusted debits		3,749,604.56
Grand Total		$753,473,884.99

GENERAL BALANCE SHEET

December 31, 1950

LIABILITIES

CAPITAL STOCK:		
Common stock—Par value $100 per share		$170,839,100.00
LONG-TERM DEBT:		
Funded debt unmatured (Page 24):		
Total book liability	$332,782,100.00	
Less held by or for the company	161,510,000.00	171,272,100.00
Equipment obligations (Page 24)		36,109,270.92
Amounts payable to affiliated companies		123,275.41
Total long-term debt		207,504,646.33
CURRENT LIABILITIES:		
Traffic and car service balances—Cr.		114,242.59
Audited accounts and wages payable		13,788,752.27
Miscellaneous accounts payable		4,045,648.31
Interest matured unpaid		104,902.40
Unmatured interest accrued		2,332,752.06
Accrued accounts payable		3,778,057.06
Taxes accrued		33,249,211.96
Other current liabilities		2,178,661.03
Total current liabilities		59,592,227.68
DEFERRED LIABILITIES:		
Other deferred liabilities		766,774.45
UNADJUSTED CREDITS:		
Premium on funded debt		421.01
Insurance reserves		1,392,996.20
Other unadjusted credits		1,287,453.27
Accrued depreciation—leased property		48,987.51
Total unadjusted credits		2,729,857.99
SURPLUS:		
Unearned surplus		267,181.43
Earned surplus—appropriated (Page 20)		48,025,460.10
Earned surplus—unappropriated (Page 20)		263,748,637.01
Total surplus		312,041,278.54
Grand Total		$753,473,884.99

COMPARATIVE STATEMENT OF UNAPPROPRIATED EARNED SURPLUS ACCOUNT, YEARS ENDED DECEMBER 31

	1950	1949	Increase	Decrease
CREDITS:				
Credit balance at beginning of year	$243,049,670.01	$236,193,852.68	$ 6,855,817.33	
Credit balance transferred from income	21,802,946.05	6,877,556.85	14,925,389.20	
Miscellaneous credits	82,740.19	75,179.29	7,560.90	
Total	$264,935,356.25	$243,146,588.82	$ 21,788,767.43	
DEBITS:				
Miscellaneous debits	$ 1,186,719.24	$ 96,918.81	$ 1,089,800.43	
Credit balance carried to balance sheet	263,748,637.01*	243,049,670.01*	20,698,967.00	
Total	$264,935,356.25	$243,146,588.82	$ 21,788,767.43	

* Approximate application of Income included in Unappropriated Earned Surplus as of December 31:

	1950	1949
Net working capital retained in the business	$ 32,177,770	$ 32,781,263
Invested in affiliated and non-affiliated companies	25,565,920	20,538,442
Expended in improving the Railroad plant	206,004,947	189,729,965
	$263,748,637	$243,049,670

Appropriated Surplus Income of $48,025,460 (page 19) was expended in retiring Funded Debt prior to year 1928.

INVESTMENT IN ROAD AND EQUIPMENT, YEAR 1950

Account		Additions and Betterments
Engineering		$ 106,678.25
Land for transportation purposes		109,780.79
Other right-of-way expenditures		7,375.69
Grading		1,080,783.23
Tunnels and subways	Cr.	149,310.29
Bridges, trestles and culverts		1,005,252.99
Ties		209,917.38
Rails		707,622.01
Other track material		1,381,932.32
Ballast		982,231.62
Track laying and surfacing		305,704.59
Fences, snow sheds and signs		76,065.41
Station and office buildings		1,893,484.76
Roadway buildings		17,637.07
Water stations	Cr.	290,542.80
Fuel stations		11,322.88
Shops and engine houses		184,003.23
Wharves and docks	Cr.	3,703.23
Telegraph and telephone lines		19,749.21
Signals and interlockers		1,643,327.72
Power plants	Cr.	40,519.51
Power transmission systems		90,094.72
Miscellaneous structures	Cr.	127,830.74
Roadway machines		183,599.05
Roadway small tools		42.22
Public improvements—Construction		195,961.89
Shop machinery		113,625.12
Power plant machinery		171,483.64
Total expenditures for road		9,885,769.22
Steam locomotives	Cr.	1,823,471.89
Other locomotives		9,496,289.88
Freight-train cars		4,234,867.03
Passenger-train cars		4,213,291.44
Work equipment	Cr.	6,580.24
Miscellaneous equipment		29,965.92
Total expenditures for equipment		16,144,362.14
Organization expenses	Cr.	1,107.20
General officers and clerks	Cr.	8,321.43
Law	Cr.	4,690.01
Stationery and printing	Cr.	584.14
Taxes	Cr.	3,335.74
Interest during construction	Cr.	106,318.01
Other expenditures—general	Cr.	2,024.38
Total general expenditures	Cr.	126,380.91
Grand total		$25,903,750.45

"Cr."—Credits due to retirements.

STATISTICS OF OPERATIONS

ITEMS	1950	1949
Actual miles road operated, end of year	8,830.07	8,873.16
Average mileage of road operated—Total	8,842.51	8,766.61
Average mileage of road operated—Freight Service.	8,808.32	8,732.42
Average mileage of road operated—Passgr. Service.	5,501.98	6,119.05
TRAIN-MILES		
Freight	14,178,511	13,924,046
Passenger	12,098,227	12,422,513
Total transportation service	26,276,738	26,346,559
Work service	287,995	295,804
LOCOMOTIVE MILES		
Freight	14,966,880	14,694,955
*Passenger	10,904,760	10,987,164
Train and yard switching	7,213,017	7,168,200
Total transportation service	33,084,657	32,850,319
Work service	747,257	774,956
CAR-MILES		
Loaded freight cars	590,155,163	549,031,903
Empty freight cars	289,701,079	304,202,940
Sum of loaded and empty	879,856,242	853,234,843
Caboose	14,003,084	13,608,467
Total freight cars	893,859,326	866,843,310
Coach and combination passenger cars	26,163,740	27,085,654
Sleeping and parlor	22,307,875	20,367,885
Club, lounge, dining and observation	9,415,005	9,266,810
Other	46,630,645	45,243,963
Total passenger cars	104,517,265	101,964,312
Total transportation service	998,376,591	968,807,622
Work service	2,337,397	1,991,827
FREIGHT SERVICE		
Tons—revenue freight	49,056,732	45,882,336
Tons—revenue and non-revenue freight	53,923,833	50,864,900
Ton-miles—revenue freight	16,755,823,463	15,250,053,912
Ton-miles—revenue and non-revenue freight	17,999,892,000	16,510,312,000
PASSENGER SERVICE		
Passengers carried—revenue	9,686,619	9,842,447
Passenger miles—revenue	748,698,898	757,891,351

*Excludes mileage of combination motor passenger cars:
1950—1,376,994
1949—1,648,056

STATISTICS OF OPERATIONS—Continued

ITEMS	1950	1949
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,610	1,595
Passenger-train miles	2,199	2,030
Transportation service train-miles	2,972	3,005
Transportation service locomotive-miles	3,741	3,747
Freight service car-miles	101,479	99,267
Passenger service car-miles	18,996	16,663
Freight revenue	$22,698.15	$20,590.28
Passenger service train revenue	$ 6,904.39	$ 5,171.35
Operating revenues	$27,735.06	$24,866.68
Operating expenses	$18,316.59	$19,079.85
Net operating revenue	$ 9,418.47	$ 5,786.83
Net railway operating income	$ 4,275.54	$ 2,238.08
Ton-miles—revenue freight	1,894,917	1,739,561
Ton-miles—all freight	2,035,609	1,883,318
Passenger-miles—revenue	84,670	86,452
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	41.62	39.43
Empty freight car-miles	20.43	21.85
Ton-miles—revenue freight	1,181.77	1,095.23
Ton-miles—all freight	1,269.51	1,185.74
Passenger train car-miles	8.64	8.20
Revenue passenger-miles	61.88	61.01
Freight revenue	$ 14.10	$ 12.91
Passenger service train revenue	$ 3.14	+$ 2.55
Operating revenues	$ 9.33	$ 8.27
Operating expenses	$ 6.16	$ 6.35
Net operating revenue	$ 3.17	$ 1.92
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	28.39	27.78
Ton-miles—all freight	30.50	30.07
Freight revenue	$ .33878	$ .32749
AVERAGES PER CAR-MILE, PASSENGER		
Passenger-miles—revenue	15.71	16.31
Passenger revenue	$ .37136	$ .38443
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	341.56	332.37
Miles hauled—non-revenue freight	255.61	252.93
Miles hauled—all freight	333.80	324.59
Miles carried—revenue passengers	77.29	77.00
Revenue per ton of freight	$ 4.07554	$ 3.91878
Revenue per ton-mile of freight	$ .01193	$ .01179
Revenue per passenger	$ 1.82515	$ 1.81039
Revenue per passenger-mile	$ .02361	$ .02351
Operating ratio	66.04	76.73

+Restated to include Dining and Buffet Revenue.

FUNDED DEBT

December 31, 1950

	Owned by Company		Outstanding
	Unpledged	Pledged	
General Mortgage			
4% Bonds Due 3-1-1958	$ 405,000	(a) $146,542,000	$ 31,467,000
First and Refunding Mortgage			
Series B 4½% Bonds Called for redemption 2-1-1952	4,161,000	.....	(b) 8,299,100
Series of 1970 4½% Bonds due 8-1-1970	10,140,000	.....	.....
Series of 1970 2⅞% Bonds due 8-1-1970	255,000	.....	(c) 48,247,000
Series of 1985 3⅛% Bonds due 8-1-1985	7,000	.....	(d) 58,300,000
Series of 1990 3% Bonds due 2-1-1990	.....	.....	(e) 24,959,000
Total Bonds	$14,968,000	$146,542,000	$171,272,100
Equipment Trust Certificates			
Average interest 2.15%	.....	.....	21,026,000
Conditional Sale Contracts			
Average interest 1.83%	.....	.....	15,083,271
Total Funded Debt	$14,968,000	$146,542,000	$207,381,371

(a) Pledged under First and Refunding Mortgage.

(b) Funds derived from sale of Series 1990 3% Bonds are on deposit to pay principal of all outstanding Series B 4½% Bonds called for redemption February 1, 1952.

(c) Annual sinking fund $248,825.

(d) Annual sinking fund $325,000 together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year.

(e) Annual sinking fund $250,000.

CHANGES IN CAPITAL LIABILITIES IN 1950

	Increase	Decrease
Bonds redeemed:		
General Mortgage 4%	.....	$ 405,000
First and Refunding Series B 4½%	.....	4,161,000
First and Refunding Series of 1970 2⅞%	.....	494,000
First and Refunding Series of 1985 3⅛%	.....	982,000
First and Refunding Series of 1990 3%	.....	41,000
Principal of Equipment Obligations retired:		
Equipment Trust of 1944	.....	152,000
Equipment Trust of 1948	.....	482,000
Equipment Trust of 1949—No. 1	.....	214,000
Equipment Trust of 1949—No. 2	.....	206,000
Equipment Trust of 1950	.....	340,000
Equipment Conditional Sale Contracts	.....	3,600,225
Securities issued:		
First and Refunding Series of 1990 3% Bonds	$25,000,000	.....
Equipment Trust of 1950	10,200,000	.....
Equipment Conditional Sale Contract	1,044,810	.....
	$36,244,810	$11,077,225
Net Increase	$25,167,585	.....

DESCRIPTION OF MORTGAGES

General Mortgage

The General Mortgage is a first lien on 7,710.76 miles of main and branch line railroad now owned by the Company, including terminals and appurtenant property, situated in the States of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming, and Montana; is a first lien on all locomotives, cars, and other rolling stock and equipment owned by the Company and not subject to any equipment trust, conditional sale agreement, or other lien securing the purchase price thereof; and also is a first lien on 305,262 shares of the capital stock of The Colorado and Southern Railway Company, which are pledged under this Mortgage.

The General Mortgage contains no provision for redemption of the Bonds or for sinking fund. No additional Bonds may be issued under the Mortgage, but there is no limitation on the right to extend, by agreement with the holders, the maturity of outstanding General Mortgage Bonds.

First and Refunding Mortgage

The First and Refunding Mortgage is secured by the pledge of $146,542,000 principal amount, or 82.1 per cent, of the General Mortgage Bonds issued, so that $1,048 principal amount of General Mortgage Bonds were pledged under the First and Refunding Mortgage with respect to each $1,000 principal amount of First and Refunding Mortgage Bonds outstanding in the hands of the public December 31, 1950. The First and Refunding Mortgage is a second lien on all railroad, equipment, and capital stock, on which the General Mortgage is a first lien, as above stated, and the First and Refunding Mortgage is a first lien on 478.30 miles of railroad owned by the Company in the States of Wyoming, Montana, Illinois, Wisconsin, and Nebraska, and on certain capital stock of bridge, depot, terminal, and other companies.

Additional First and Refunding Mortgage Bonds may be issued, subject to the provisions and limitations of the Mortgage and the Supplemental Indentures thereto.

Provisions for the redemption of each series of First and Refunding Mortgage Bonds, and the sinking funds for certain series, are summarized as follows:

Series B Bonds redeemable as a whole at 105 and accrued interest, February 1, 1952 to August 1, 1966; at 103 and accrued interest, February 1, 1967 to August 1, 1976.

Series of 1970 2⅞% Bonds may be redeemed as a whole, or in part, on any interest payment date at 104⅞ August 1, 1949 to July 31, 1953; thereafter premium reduces periodically to August 1, 1969, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $248,825 for redemption of Series of 1970 2⅞% Bonds is payable to Trustee on or before May 1 each year, beginning May 1, 1946. For such redemption, prices are 102⅜ August 1, 1949 to July 31, 1953, reduced periodically to August 1, 1969, and thereafter at par; in each instance with accrued interest.

Series of 1985 3⅛% Bonds may be redeemed as a whole, or in part, on any interest date at 105 August 1, 1949 to July 31, 1953; thereafter premium reduces periodically to August 1, 1982, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $325,000, together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year, is payable to the Trustee before May 1 in each year beginning May 1, 1946, for redemption of the Series of 1985 Bonds. Redemption prices are 102¼ August 1, 1949 to July 31, 1953, with periodical reductions to August 1, 1982, and par thereafter; in each instance with accrued interest.

Series of 1990 3% Bonds may be redeemed as a whole, or in part, on any interest date at 104 February 1, 1950 to January 31, 1954; thereafter premium reduces periodically to January 31, 1989, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $250,000 for redemption of Series of 1990 3% Bonds is payable to Trustee on or before November 1 each year, beginning November 1, 1950. For such redemption, prices are 101 February 1, 1950 to January 31, 1954, reduced periodically to January 31, 1989, and thereafter at par; in each instance with accrued interest.

MILEAGE

	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Owned						
Colorado	392.77	.52			180.89	574.18
Illinois	1,615.02	387.10	40.94	5.43	1,064.06	3,112.55
Iowa	1,011.66	249.36			289.27	1,550.29
Kansas	217.26				22.59	239.85
Minnesota	23.09	2.71			39.55	65.35
Missouri	1,133.45	115.90			419.77	1,669.12
Montana	134.53				49.98	184.51
Nebraska	2,674.54	29.32			800.40	3,504.26
South Dakota	168.16				55.41	223.57
Wisconsin	220.25	214.17			64.61	499.03
Wyoming	677.60				223.35	900.95
Total*	8,268.33	999.08	40.94	5.43	3,209.88	12,523.66
Operated under lease or contract	561.74	128.05	.76	.76	454.22	1,145.53
Grand Total*	8,830.07	1,127.13	41.70	6.19	3,664.10	13,669.19

*Includes yard tracks and sidings owned but not operated as follows: Illinois 1.11 miles, Iowa .71 mile, Nebraska .27 mile, total 2.09 miles.

EQUIPMENT IN SERVICE

DESCRIPTION	Number on Dec. 31, 1949	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1950	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	739	.....	82	657	.....
—Diesel Road	247	35	.....	282	.....
—Diesel Switch	146	20	.....	166	.....
—Gas-Electric	3	.....	.....	3	.....
Total locomotives	1,135	55	82	1,108	56,677 Lbs.
Freight-train cars:					
Box	21,634	1,408	1,463	21,579	.....
Flat	1,345	300	22	1,623	.....
Stock	3,574	.....	3	3,571	.....
Gondola and Hopper	16,666	53	716	16,003	.....
Caboose	600	.....	11	589	.....
All classes of freight-train cars	43,819	1,761	2,215	43,365	48.50 Tons
Passenger-train cars:					
Coaches	273	25	11	287	.....
Combination coach	46	1	.....	47	.....
Parlor	4	.....	1	3	.....
Sleeping	13	4	.....	17	.....
Dining	35	.....	3	32	.....
Club, lounge and observation	14	.....	.....	14	.....
Postal	23	.....	.....	23	.....
Baggage, express and other nonpassenger	593	9	25	577	.....
Total	1,001	39	40	1,000	.....
Passenger rail motor cars:					
Combination coach	16	.....	1	15	.....
Other passenger-train rail motor	14	.....	.....	14	.....
Total	30	.....	1	29	.....
Articulated Zephyr trains	7	.....	.....	7	.....
Cars in articulated trains†					
Coaches	12	.....	.....	12	.....
Combination coach	15	.....	.....	15	.....
Parlor and sleeping	4	.....	.....	4	.....
Other passenger-train	11	.....	.....	11	.....
Total	42	.....	.....	42	.....
All classes of passenger-train cars	1,073	39	41	1,071	.....
Company service cars:					
Officers' and business	16	.....	.....	16	.....
Ballast	1,506	.....	67	1,439	.....
Derrick	3	.....	.....	3	.....
Wrecking	19	.....	.....	19	.....
Other company service	3,561	89	127	3,523	.....
All classes of company service cars	5,105	89	194	5,000	.....
All classes of cars in service	49,997	1,889	2,450	49,436	.....

OWNED EQUIPMENT LEASED

DESCRIPTION	Number Under Lease on Dec. 31, 1949	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1950
Diesel-electric locomotive#	1	.....	.....	1
Freight-refrigerator cars*	1,829	2	157	1,674
Freight-stock cars#	188	.....	.....	188
Freight-flat cars#	10	.....	.....	10
Passenger-refrigerator cars*	29	.....	.....	29
Zephyr train cars#	5	.....	.....	5
Sleeping cars°	75	.....	4	71

†8 cars not articulated.
*Leased to Burlington Refrigerator Express Co.
°Leased to Pullman Co. (8 cars are not articulated.)
#Leased to Fort Worth and Denver City Ry. Co.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1950	1949	Increase	Decrease
RAILWAY OPERATING REVENUES—				
Transportation:				
Freight	$199,932,605.54	$179,802,952.80	$ 20,129,652.74	
Passenger	17,679,514.25	17,818,680.67		$ 139,166.42
Baggage	43,377.15	48,462.84		5,085.69
Parlor and chair car	115,885.10	117,091.64		1,206.54
Mail	14,869,706.36	8,493,764.14	6,375,942.22	
Express	2,897,365.43	2,898,039.57		674.14
Other passenger-train	214,786.26	155,955.04	58,831.22	
Milk	261,801.07	245,246.93	16,554.14	
Switching	3,789,378.22	3,431,919.79	357,458.43	
Total	$239,804,419.38	$213,012,113.42	$ 26,792,305.96	
Incidental:				
Dining and buffet	$ 1,905,387.23	$ 1,866,528.12	$ 38,859.11	
Station and train privileges	43,502.81	68,488.85		$ 24,986.04
Parcel room	1,248.50	1,980.05		731.55
Storage—Freight	17,867.02	26,212.44		8,345.42
Storage—Baggage	4,780.85	5,980.35		1,199.50
Demurrage	590,477.63	432,313.97	158,163.66	
Telegraph and telephone	138,397.67	168,193.58		29,795.91
Power	7,108.08	6,987.79	120.29	
Rents of buildings and other property	272,956.19	263,503.91	9,452.28	
Miscellaneous	1,632,308.09	1,271,199.19	361,108.90	
Total	$ 4,614,034.07	$ 4,111,388.25	$ 502,645.82	
Joint facility—Cr.	$ 848,574.57	$ 881,217.52		$ 32,642.95
Joint facility—Dr	Dr. 19,467.44	Dr. 8,211.37		11,256.07
Total	$ 829,107.13	$ 873,006.15		$ 43,899.02
Total railway operating revenues	$245,247,560.58	$217,996,507.82	$ 27,251,052.76	

	1950	1949	Increase	Decrease
RAILWAY OPERATING EXPENSES—				
Maintenance of way and structures	$ 29,143,196.18	$ 31,866,276.43		$ 2,723,080.25
Maintenance of equipment	26,145,771.64	29,295,830.48		3,150,058.84
Traffic	4,942,602.18	5,130,763.90		188,161.72
Transportation	80,955,659.48	78,842,227.40	$ 2,113,432.98	
Miscellaneous operations	2,947,836.91	2,957,253.03		9,416.12
General	5,294,088.92	5,654,808.58		360,719.66
Railway operating expenses—excluding depreciation, retirements and amortization	$149,429,155.31	$153,747,159.82		$ 4,318,004.51
Depreciation, Retirements and Amortization—				
Road Property	4,643,719.94	4,394,981.57	$ 248,738.37	
Equipment	7,891,798.27	9,123,507.41		1,231,709.14
Total railway operating expenses	$161,964,673.52	$167,265,648.80		$ 5,300,975.28
Operating Ratio	66.04	76.73		10.69
(For Operating Ratios by general accounts see Page 17)				
Net revenue from railway operations	$ 83,282,887.06	$ 50,730,859.02	$ 32,552,028.04	
Railway tax accruals	$ 39,773,301.93	$ 26,192,248.15	$ 13,581,053.78	
Railway operating income	$ 43,509,585.13	$ 24,538,610.87	$ 18,970,974.26	
RENT INCOME				
Rent from equipment	$ 817,562.49	$ 641,712.10	$ 175,850.39	
Joint facility rent income	688,830.99	664,450.41	24,380.58	
Total rent income	$ 1,506,393.48	$ 1,306,162.51	$ 200,230.97	
RENTS PAYABLE				
Rent for equipment	$ 4,619,734.90	$ 3,728,115.80	$ 891,619.10	
Joint facility rents	2,589,714.87	2,496,319.40	93,395.47	
Total rents payable	$ 7,209,449.77	$ 6,224,435.20	$ 985,014.57	
Net rents	Dr. $5,703,056.29	Dr. $4,918.272.69	$ 784,783.60	
Net railway operating income	$ 37,806,528.84	$ 19.620,338.18	$ 18,186,190.66	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Continued

	1950	1949	Increase	Decrease
OTHER INCOME				
Income from lease of road and equipment	$ 817,217.50	$ 427,726.10	$ 389,491.40	
Miscellaneous rent income	504,632.91	516,747.58		$ 12,114.67
Income from nonoperating property	239,237.67	168,486.96	70,750.71	
Separately operated properties—profit	13,292.07	38.91	13,253.16	
Dividend income	333,124.80	257,696.80	75,428.00	
Income from funded securities	142,481.07	198,377.56		55,896.49
Income from unfunded securities and accounts	287,051.24	90,350.17	196,701.07	
Release of premiums on funded debt	21.54	21.72		.18
Miscellaneous income	32,680.29	78,350.80		45,670.51
Total other income	$ 2,369,739.09	$ 1,737,796.60	$ 631,942.49	
Total income	$ 40,176,267.93	$ 21,358,134.78	$ 18,818,133.15	
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 31,597.43	$ 32,229.12		$ 631.69
Miscellaneous tax accruals	84,686.17	88,976.26		4,290.09
Miscellaneous income charges	21,237.08	6,353.48	$ 14,883.60	
Total miscellaneous deductions	$ 137,520.68	$ 127,558.86	$ 9,961.82	
Income available for fixed charges	$ 40,038,747.25	$ 21,230,575.92	$ 18,808,171.33	
FIXED CHARGES				
Rent for leased roads and equipment	$ 60,586.26	$ 49,153.54	$ 11,432.72	
Interest on funded debt	6,142,774.71	5,688,368.48	454,406.23	
Interest on unfunded debt	15,417.48	14,571.19	846.29	
Amortization of discount on funded debt	58,313.75	58,990.86		$ 677.11
Total fixed charges	$ 6,277,092.20	$ 5,811,084.07	$ 466,008.13	
Net income after fixed charges	$ 33,761,655.05	$ 15,419,491.85	$ 18,342,163.20	
Dividend appropriations of income	$ 11,958,709.00	$ 8,541,935.00	$ 3,416,774.00	
Balance of income transferred to Earned Surplus	$ 21,802,946.05	$ 6,877,556.85	$ 14,925,389.20	

1950